

## CALIFORNIA SCHOOL FINANCE AUTHORITY BOND ISSUANCE GUIDELINES

*These guidelines describe what the California School Finance Authority (Authority) would require for debt or bonds issued through the Authority. The Authority acknowledges that each financing must be reviewed individually, and that additional provisions may be considered if those provisions are a necessary part of a prudent borrowing and/or issuance strategy.*

BOND RATING*	BONDS / DEBT ISSUANCE PROVISIONS
<b>I. Debt Rated A-/A-/A3 or Better</b>	<ul style="list-style-type: none"> <li>• Bonds may be publicly offered without transfer restrictions</li> <li>• Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code</li> </ul>
<b>II. Debt Rated a minimum BBB-/BBB-/Baa3</b>	<ul style="list-style-type: none"> <li>• Bonds will be in minimum denominations of \$25,000</li> <li>• Bonds may be publicly offered or privately placed</li> <li>• Bonds will be sold initially only to Qualified Institutional Buyers (QIB) and Accredited Investors (AI)</li> <li>• Subsequent transfers of bonds are limited to QIBs and AIs</li> <li>• Sales restrictions conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents</li> <li>• Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code</li> </ul>
<b>III. Debt Rated less than BBB-/BBB-/Baa3, or unrated</b>	<ul style="list-style-type: none"> <li>• Bonds will be in minimum denominations of \$100,000</li> <li>• Bonds will be privately placed or publicly offered initially to QIBs and AIs</li> <li>• Bonds purchases will be required to execute an initial Investor Letter</li> <li>• Subsequent transfers of bonds will be limited to QIBs and AIs</li> <li>• Sales restrictions conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents</li> <li>• One or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority: <ul style="list-style-type: none"> <li>○ Traveling Investor Letter; or</li> <li>○ Higher minimum denominations of \$250,000; or</li> <li>○ Physical Delivery; or</li> <li>○ Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or</li> <li>○ Other investor protection measures</li> </ul> </li> <li>• Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code</li> </ul>

\* Represents ratings by Standard & Poor's, Fitch, and Moody's respectively.